

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

In the Matter of:

Evansdale Branch
Evansdale, Iowa 50707
(Chad Deutsch and Craig
Chilton, Petitioners)

Docket No. A2011-103

COMMENTS OF UNITED STATES POSTAL SERVICE
(December 2, 2011)

By means of Order No. 896 (October 5, 2011), the Postal Regulatory Commission (Commission) docketed correspondence from the Mayor of the City of Evansdale and a customer of the Evansdale Branch in Evansdale, Iowa (Petitioners), assigning PRC Docket No. A2011-103 as an appeal pursuant to 39 U.S.C. § 404(d).

I. The Commission Lacks Jurisdiction over the Controversy.

As an initial matter, the Postal Service renews the arguments that the Commission lacks jurisdiction to hear Petitioners' appeal.¹ This appeal concerns a branch, and not a Post Office for purposes of 39 U.S.C. § 404(d). Section 404(d) does not apply to retail locations such as branches which are subordinate to a Post Office. In the Postal Service's view, Congress knowingly used "Post Office" in its technical sense, excluding stations and branches from the scope of 39 U.S.C. § 404(d).

¹ See Initial Comments of the United States Postal Service, section 1 (pp. 2-7), PRC Docket No. RM2011-13, October 3, 2011.

II. The Postal Service Provided Customers Advance Notice of Its Plans.

Even assuming the section 404(d) requirements were applied in the context of the discontinuance of the Evansdale Branch, the Postal Service satisfied the salient provisions of section 404(d)(5)(A) – (C). On April 8, 2011, the Postal Service distributed questionnaires to customers notifying them of the possible discontinuance of the Evansdale Branch, and inviting comments on the potential change to the postal retail network. Administrative Record at Item No. 21, pg. 1. The Postal Service also made these questionnaires available over the counter for all interested retail customers. *Id.* at Item No. 23, pg. 1. Through this notification, the Postal Service furnished customers well over 60 days' notice of the Postal Service's intention to consider discontinuance of the facility. The Postal Service received 66 customer responses to the questionnaires, thereby confirming receipt of such notice and the extensive input customers provided. See *id.* Upon making the final decision to discontinue the Evansdale Branch, the Postal Service informed the community of the decision through a letter to customers dated September 2, 2011. See *id.* at Item No. 55, pg. 1. The Postal Service considered all of the pertinent criteria of section 404(d), including the effect on postal services, the community, and employees, and the economic savings arising from the discontinuance. Administrative Record at Item No. 33.

III. The Final Determination Demonstrates Thoughtful Consideration of the Issues Raised by Petitioners.

The final determination indicates that the Evansdale Branch provided service to 133 Post Office Box customers 32.5 hours per week. Daily retail

window transactions averaged 185. FD at 2. Office receipts have declined from \$270,763 in FY 2008 to \$253,050 in FY 2010. The Evansdale Branch had no permit customers. FD at 5. Upon implementation of the final determination, the Postal Service will continue to provide service through rural or contract delivery carrier.² Delivery and retail services will be provided at the Waterloo Post Office, located approximately 3 miles away. *Id.* at 8. Retail services are also available at the Hy-Vee contract postal unit, located approximately 2.5 miles away. *Id.* at 7. Customers will have the option of Post Office Box delivery at the Waterloo Post Office or the existing carrier delivery administered by the Waterloo Post Office. See *id.* Below, the Postal Service briefly addresses the issues raised by Petitioners Deutsch and Chilton.

Petitioners express concern about the effect on postal services of the Evansdale Branch's closing, noting the convenience of the Evansdale Branch and requesting its retention. In particular, Petitioners raise the following issues: the conditions of nearby postal facilities and mail security. Administrative Record at Item No. 33. These issues were thoughtfully considered by the Postal Service, as is evident in the administrative record.

In its responses to customer questionnaires, the Postal Service addressed customer concerns about obtaining services from a different postal retail location.

² Petitioners claim that the Postal Service "did not properly address the issues concerning effective and regular service," provided inaccurate information regarding service, and had "no plan to establish rural route delivery service in Evansdale." Petitioners' claims reflect a misunderstanding of the services provided to Evansdale Branch customers. There is no need to establish contract or rural carrier service for the Evansdale community, because it was available before the discontinuance of the Evansdale Branch. Evansdale Branch Post Office Box customers purchased Post Office Box delivery service as a supplement to the free carrier delivery service they already received.

Specifically, the Postal Service informed customers that, if the Evansdale Branch is discontinued, they would have a choice of carrier delivery or Post Office Box service. *Id.* at Item No. 33. In addition, the Postal Service identified the numerous retail service options available to customers, including the Waterloo Main Post Office located approximately 3 miles from the Evansdale Branch, the Raymond Post Office located approximately 4 miles from the Evansdale Branch, the Automated Postal Center at the Cedar Falls Post Office, and the ability to purchase stamps through the internet or at stamp consignment locations listed at www.usps.com. *Id.* at Item No. 21.

With respect to Petitioners' concern about mail security, the Postal Service explained that customers may place locks on their mailboxes, provided that there is a slot large enough to deposit the mail. *Id.* at Item No. 33, pg. 3. Cluster Box Units provide another secure mail delivery option that might be available. *Id.* at Item No. 33, pg. 6.

Petitioners claim that the Postal Service provided inaccurate "boilerplate responses" in response to customer concerns. They further suggest that the Postal Service failed to make an independent inquiry regarding these concerns. However, the Administrative Record reflects that while some answers may be "standard" to the extent that these questions have been posed in other discontinuance dockets, the answers provided are responsive to the concerns raised.

The Postal Service considered the Petitioners' concerns regarding the effect of its decision to close the Evansdale Branch upon the Evansdale

community. *Id.* at Item No. 33. More specifically, Petitioners expressed concerns regarding the effect of the discontinuance on senior citizens, disabled customers, and local businesses. *Id.* With respect to senior citizens and disabled customers, the Postal Service explained that carriers can provide many postal services, often eliminating the need to visit a retail facility, and that where existing delivery methods cause extreme hardship, alternate arrangements can be made with the administrative postmaster. *Id.* at Item No. 33, pg. 4. In responding to concerns regarding local businesses, the Postal Service cited customer questionnaire responses as evidence that the discontinuance of the Evansdale Branch would not have an adverse impact on the local business community, and that customers would continue to visit local businesses in the event of the Evansdale Branch's discontinuance. *Id.* at Item No. 33, pg. 2.

Petitioners question whether the Postal Service considered growth in the Evansdale community as part of the discontinuance study process. As reflected in the administrative record, the Postal Service considered this issue and determined that Evansdale had experienced minimal growth in recent years. Item No. 33, at 4. The Postal Service also explained that the growth of a community does not depend on the location of a Post Office. *Id.*

Petitioners contend that the survey results were used unfairly in support of the discontinuance action. The Postal Service notes that the surveys are intended to assess usage patterns and customer needs. They are not intended to accomplish any particular outcome. Moreover, the categorization of opposition, support, or neutrality of a survey is not, in and of itself, dispositive.

The important issue is whether effective and regular service can be provided in the event of a discontinuance, and in this case, the conclusion was affirmative.

Customers notified the Postal Service of their concerns related to employees of the Evansdale Branch. *Id.* at Item No. 33. As reflected in the administrative record, the Postal Service considered these concerns during the decision-making process. *See id.* Affected postal employees will be reassigned to other postal facilities in full accordance with agreements between the Postal Service and employee organizations. *Id.*

Postal officials also considered the economic savings that would result from the discontinuance of the Evansdale Branch, and identified the costs that serve as a basis for the Postal Service's estimate of economic savings. *Id.* at Item No. 33, pg. 7. The Postal Service estimates that discontinuing the Evansdale Branch and providing retail and delivery services to the Evansdale community through alternate sources would cost the Postal Service substantially less than maintaining the Evansdale Branch and would still provide regular and effective service. The estimated annual savings associated with discontinuing the Evansdale Branch are \$62,935.00. *Id.*

Petitioners allege that the Postal Service's estimate of economic savings is inaccurate, and specifically that the Postal Service will experience no labor savings from the discontinuance of the Evansdale Branch. Participant Statement from Craig Chilton, PRC Docket No. A2011-103 (November 17, 2011) (Participant Statement), at 3. Regardless of whether any employees of the Evansdale Branch remain employed by the Postal Service after the

discontinuance of the Evansdale Branch, all positions at the Evansdale Branch are eliminated upon discontinuance. In the context of a Post Office discontinuance, the Commission has recognized that the elimination of a position contributes to economic savings. See Order Affirming Determination, PRC Order No. 950, PRC Docket No. A2011-23 (November 4, 2011), at 9.

Petitioners state that the Postal Service did not consider the amount that the Postal Service will have to pay in rent on the property that it continues to lease in Evansdale (\$19,200.00 a year). As Petitioners point out, the lease expires on January 31, 2016. Administrative Record at Item No. 15, pg. 1. The lease cost savings will arise from that point forward, and perhaps earlier if the Postal Service is able to sublease the property. Accordingly, it is not necessary to deduct \$19,200 from the anticipated annual savings on a long-term basis.

Addressing the economic circumstances of the Evansdale Branch more generally, Petitioners allege that the Evansdale Branch is profitable for the Post Office, and that this assertion, if true, prevents the Postal Service from discontinuing the Evansdale Branch. See Participant Statement at 2-4. The Postal Service does not cite profitability as a reason for its decision to study the Evansdale Branch, but instead refers to workload, volume, and alternate access as justifications. Administrative Record at Item No. 33, pg. 2. And Petitioners present no authority for the assertion that a retail facility's profitability precludes its discontinuance.³ See Participant Statement. In other appeals, the

³ This case arose prior to the new Handbook PO-101 published on July 14 2011, and is subject to the procedures set forth in Chapter 7 of Handbook PO-101 (August 2004) updated with Postal Bulletin revisions through August 2, 2007. These regulations were carried forward for discontinuance actions commencing before July 14, 2011. See 39

Commission has affirmed a Postal Service final determination despite allegations of the discontinued retail facility's profitability. See, e.g., Order Affirming Determination, PRC Order No. 912, PRC Docket No. A2011-19 (October 20, 2011) (affirming final determination despite Chairman's concurring opinion discussing facility's profitability).

For the reasons set forth above, the appeal should be dismissed.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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